



CHARLOTTE[™]

MANAGEMENT & FINANCIAL SERVICES

Disparity Study: Phase II Update



Economic Development Committee Meeting

February 20, 2018



- **Background**
- **2017 Disparity Study Key Findings (Phase I) from BBC Research and Consulting**
- **Disparity Study Phase II**
 - Objective
 - Stakeholder Engagement
- **CBI Policy Assessment**
 - BBC Policy Considerations
- **Disparity Study Phase II**
 - Approach
 - Timeline
- **Committee Discussion**



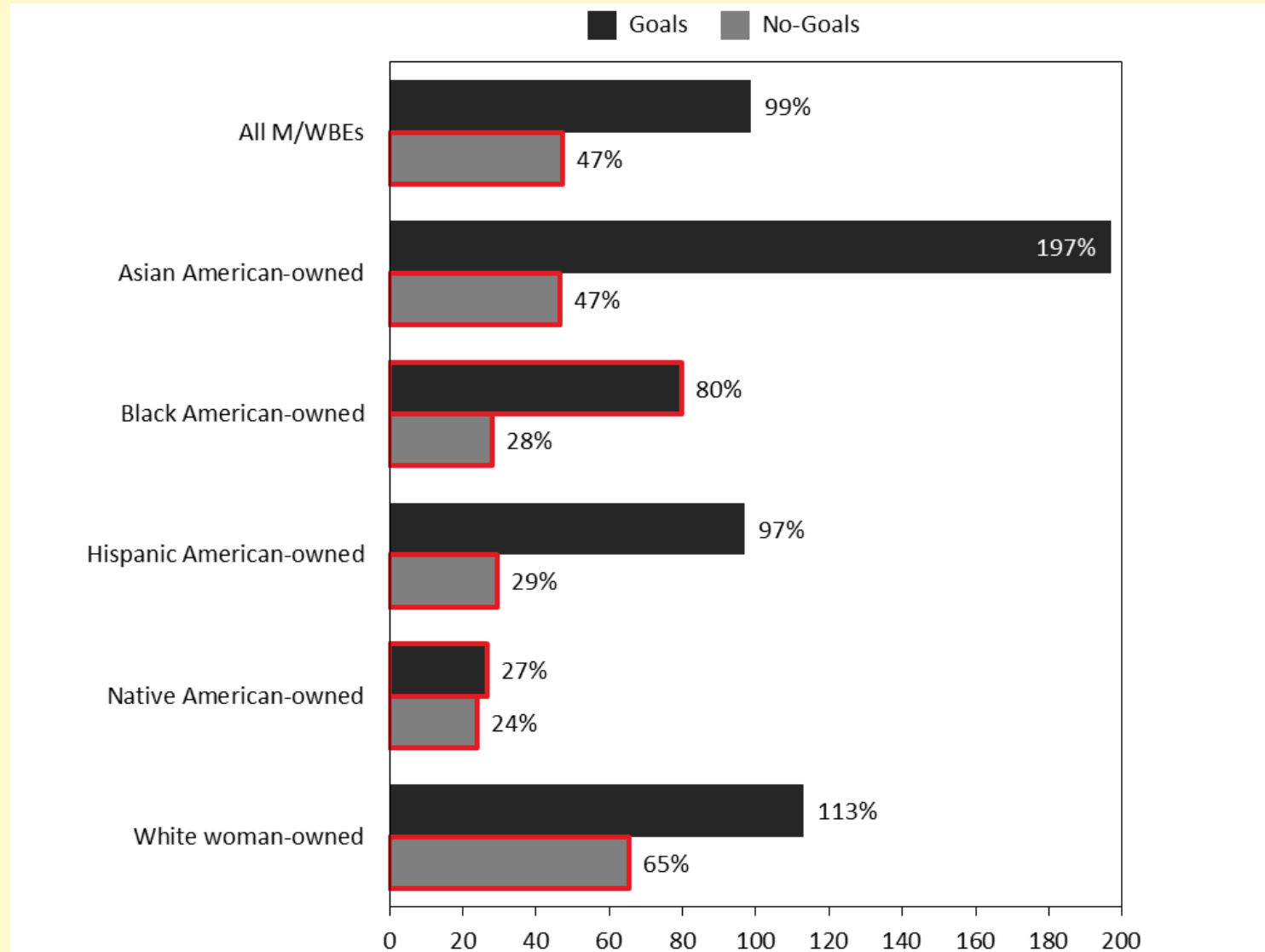
- 2017 Disparity Study:
 - Reviewed the City's expenditures from July 1, 2011 through June 30, 2016, specifically analyzing the utilization of minority and women owned firms relative to their availability.
- November 27, 2017 Council accepted 2017 Disparity Study Report findings

2017 Disparity Study Key Findings



- While the City has made strides, disparities still exist
- Overall, MWBEs are substantially underutilized on City contracts
- Underutilization much worse on contracts City awarded without subcontracting goals
- Subcontracting goals are effective in encouraging MWBE participation
- Anecdotal evidence suggests many barriers in marketplace for small businesses and MWBEs
- Based on the findings, the city can continue to use race and gender-conscious measures to remedy identified disparities.

2017 Disparity Study Findings MWBE Underutilization



Disparity Study Phase II



- **Phase II Goals:**

- Identify CBI Policy and program enhancement opportunities to address the disparities identified in the Study
- Implement CBI Policy and program recommendations

- **Internal and external stakeholder engagement:**

- Economic Development Committee
- CBI Advisory Committee
- City staff and leadership
- Community (MWSBEs, Primes, Partner organizations)

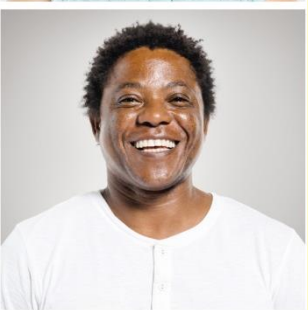
CBI Policy Assessment

Key CBI Policy Provisions	Current CBI Policy Language	BBC's 2017 Disparity Study Policy Considerations
Annual Citywide Aspirational MWSBE Prime Goals	<ul style="list-style-type: none"> • Goals established by category (i.e, construction, services...) and by department • Exempt contracts are excluded • For Construction and Goods categories, applies only to informal contracts 	<ul style="list-style-type: none"> • Consider 20.9% as basis for annual aspirational MWBE goal • Continue efforts to unbundle contracts
MWSBE Subcontracting Goals	<ul style="list-style-type: none"> • Construction contracts of \$300,000+ • All other contracts of \$100,000+ • Can set multiple goals 	<ul style="list-style-type: none"> • Expand use of subcontracting goals to address identified disparities • Consider separating the use of SBE and MWBE subcontracting goals • Continue counting MWSBE participation towards subcontracting goals
SBE Designated Contracts	<ul style="list-style-type: none"> • When feasible, can designate certain contracts for solicitation only to SBEs 	<ul style="list-style-type: none"> • Expand SBE Designated Contracts Strategy (i.e., Sheltered Market Program)

CBI Policy Assessment

Key CBI Policy Provisions	Current CBI Policy Language	BBC's 2017 Disparity Study Policy Considerations
SBE and MWBE Certification & Eligibility	<ul style="list-style-type: none"> SBE certification requirements established by CBI Policy MWBE certification requirements established by State of NC; CBI Policy requires significant business presence in CSA 	<ul style="list-style-type: none"> Consider establishing business size and personal net worth thresholds for MWBEs
Mandatory Subcontracting Requirements	<ul style="list-style-type: none"> Council can establish mandatory subcontracting requirements for construction contracts Use of Good Faith Efforts required Contractor required to subcontract the work to other third party subcontractors if can't meet subcontracting goal with MWSBEs 	<ul style="list-style-type: none"> Consider implementing mandatory subcontracting requirements
Data Tracking and Reporting	<ul style="list-style-type: none"> CBI will report MWSBE utilization 	<ul style="list-style-type: none"> Implement centralized diversity management software (<i>in process</i>)

Phase II Approach



- Evaluate program enhancements suggested by BBC
- Legal review of NC statutory requirements
 - MWBE certification
 - Sheltered Market Program
 - Narrow tailoring measures
 - Mandatory subcontracting
 - NC Historically Underutilized Business Statute(s)
- Review best practices of other MWSBE programs
- Economic Development Committee discussions and input
- Internal and external stakeholder engagement
- Community forum(s)

Phase II Timeline



Winter	<ul style="list-style-type: none"> • Evaluate Disparity Study Report findings and recommendations • Engage stakeholders on report findings and receive feedback on program and policy enhancements
Spring	<ul style="list-style-type: none"> • Economic Development Committee discussions and input • Refine considerations and recommendations • Host community forum(s) seeking input on draft recommendations
Summer	<ul style="list-style-type: none"> • ED Committee review and recommendations on new policy and program enhancements • Strategy Meeting presentation • Council Action (as needed)
Fall	<ul style="list-style-type: none"> • Implement new policy and program enhancements <ul style="list-style-type: none"> – Stakeholder Information Sessions – City Staff Training



QUESTIONS?